

# RBS Gas Utility, Inc

Post Office Box 1506  
Madison, MS 39130-1506  
Telephone 601 856 6002  
Facsimile 601 856 3060

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December 2, 2003

Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Dear Mr. Collier and Ms Murphy:

03-00389

First, I would like to apologize for the tardiness of this response. Unfortunately, at this time RBS Gas Utility is not realizing enough of a profit to allow me to take a salary, so I have had to hold a full time job outside of the company

That having been said, it is my sincere hope and expectation that with the new Nestle Bottled Water plant in Macon County coming on line, their projected usage will not only remedy this situation, but will allow me to hire a part-time assistant with experience in the field to aid me with the increased workload.

My responses to the findings of the ACA audit are as follows:

Finding #1:

When I purchased the company in December of 2002, it was expressed to me by Mr. W. E. Hathorn (the previous president) that it was his policy not to bill monthly customer charges to churches, schools, hospitals or government agencies. At that time I decided to continue this policy, and would like to continue this policy unless it violates the terms of my tariff with the TRA.

Finding #2:

When I prepared the ACA report, I was working with numbers supplied to me by Mr. Hathorn. It was my understanding that our beginning balance was -\$2,040.53. When I file the next ACA report I will have the correct numbers at my disposal.

Finding #3:

The Woodward Marketing invoice referred to in this finding was paid by Mr. Hathorn. He assisted me in preparing the ACA report, but I have no idea why this discrepancy came about, nor did Mr. Hathorn mention it during the preparation of the report. I do however know that Mr. Hathorn had at times manually adjusted charges on sales reports due to incorrect data entry.

Finding #4:

I believe that this error occurred simply due to oversight due to incorrectly entering the factor on the spreadsheet or not changing a previous factor

Finding # 5.

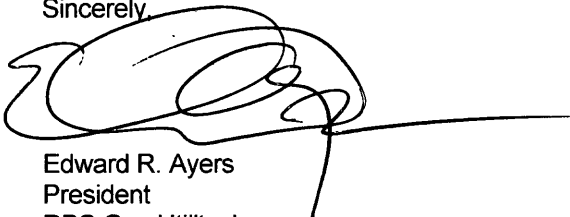
I believe this error to also have occurred in a similar manner to the above.

Finding # 6:

I have no explanation for the first two quarters of fiscal year 2002, except to speculate that again, this was an oversight on the part of the previous president, Mr. Hathorn. As for 1<sup>st</sup> quarter 2003, I have only myself to blame. I called and spoke to Ms. Betty Patton and she advised me of the 4.62% rate. I incorrectly entered the rate in preparation of the report.

In conclusion I would also like to apologize for the errors in my first ACA filing and thank the staff of the TRA for their patience. I believe the errors that occurred were due to my inexperience, to misunderstandings between me and Mr. Hathorn and to oversight on our parts. As I stated in the opening of my letter, it is my sincere hope to hire an assistant who has experience in Oil and Gas and will aid in not making these types of mistakes in the future.

Sincerely,

A handwritten signature in black ink, appearing to be 'Edward R. Ayers', with a long horizontal line extending to the right.

Edward R. Ayers  
President  
RBS Gas Utility, Inc.